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SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-82114 ; File No. SR-BOX-2017-34)

November 17, 2017

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 7050 (Minimum Trading Increments)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 8, 2017, BOX Options Exchange LLC (the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 7050 (Minimum Trading Increments). The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s Internet website at <http://boxoptions.com>.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Currently, BOX Rule 7050(a) establishes minimum trading increments for single leg options contracts traded on BOX. Rule 7050(a) states that with regard to minimum trading increments for single leg options contracts, “the following principles shall apply: (1) if the options contract is trading at less than \$3.00 per option, five (5) cents; (2) if the options contract is trading at \$3.00 per option or higher, ten (10) cents; and (3) if the options contract is traded pursuant to the procedures of the Improvement Period in Rules 7150 then one (1) cent.” Further, BOX Rule 7050(b) establishes an exception<sup>3</sup> to 7050(a) while Rule 7050(c) and (d) establish cross references to existing rules with different minimum trading increments than those outlined in Rule 7050(a).<sup>4</sup>

The purpose of the proposed rule change is to amend Rule 7050 to establish a cross reference to an existing rule about minimum trading increments with regard to Complex Orders. Specifically, the Exchange proposes Rule 7050(e) which states that notwithstanding any provision of Rule 7050, the minimum trading increment for Complex Orders shall be determined in accordance with Rule 7240(b)(1).<sup>5</sup> The Exchange notes that the proposed change will provide

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<sup>3</sup> Rule 7050(b) states that “the Exchange will operate a pilot program to permit options classes to be quoted and traded in increments as low as one (1) cent.”

<sup>4</sup> Rule 7050(c) states that “the minimum trading increment for Mini Options shall be determined in accordance with IM-5050-10(d) to BOX Rule 5050.” Rule 7050(d) states that the minimum trading increment for Jumbo SPY Options shall be determined in accordance with Rule 5050(e)(4).

<sup>5</sup> Bids and offers on Complex Orders may be expressed in any decimal price, and the leg(s) of a Complex Order may be executed in one cent increments, regardless of the minimum

clarity with respect to the Exchange's minimum trading increment rule and how it relates to Complex Orders on the Exchange.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,<sup>6</sup> in general, and Section 6(b)(5) of the Act,<sup>7</sup> in particular, in that it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general protect investors and the public interest. The Exchange believes it is appropriate to make the proposed change to its rules so that market participants and investors have a clear and accurate understanding of the meaning of the Exchange's rules. By adding the proposed language, the Exchange is eliminating any potential for confusion and ensuring that market participants, regulators and the public can more easily navigate the Exchange's Rulebook. The Exchange believes that the proposed rule change is not unfairly discriminatory because it treats all market participants equally and will not have an adverse impact on any market participant.

### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In particular, the Exchange does not believe that the proposal will impose a burden on intermarket competition because the proposed change simply attempts to clarify the Exchange rules and reduce any potential for investor confusion. Further, the Exchange does not believe that the proposed rule

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increments otherwise applicable to the individual legs of the order. See BOX Rule 7240(b)(1).

<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

change imposes a burden on intramarket competition because the proposed provision applies to all market participants equally. As such, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and Rule 19b-4(f)(6) thereunder.<sup>9</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>10</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>11</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission believes that waiver of the operative delay is consistent with the

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

<sup>11</sup> 17 CFR 240.19b-4(f)(6)(iii).

protection of investors and the public interest because the proposal will provide additional clarity to the Exchange's rules and reduce the potential for investor confusion. As noted above, BOX Rule 7050 establishes the minimum trading increment for single options traded on the Exchange. The proposal modifies BOX Rule 7050 by adding a cross-reference to indicate that the trading increment for complex orders appears in existing BOX Rule 7240(b)(1). The Commission notes that the proposal does not modify the trading increment for complex orders. Accordingly, the Commission hereby waives the operative delay and designates the proposal as operative upon filing.<sup>12</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

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<sup>12</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BOX-2017-34 on the subject line.

#### Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-BOX-2017-34. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, on official business days between the hours of 10:00 a.m. and 3:00 p.m., located at 100 F Street, NE, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that

you wish to make available publicly. All submissions should refer to File Number SR-BOX-2017-34 and should be submitted on or before [date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).

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